



Governor Brad Little

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## ***Memorandum***

DATE: October 29, 2019  
TO: Directors and Agency Heads  
FROM: Zach Hauge, Chief of Staff  
  
SUBJECT: **FY 2020 and FY 2021 Budget Update**

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For the past few years, Idaho has topped the charts in growth. The welcome rise in economic activity has resulted in increases in state revenue and state agency spending, particularly in maintenance budget growth.

We expect revenue growth to continue, though at a slower pace than previously anticipated.

As employees of the State of Idaho and members of Governor Little's administration, we have a duty to prudently manage the people's money. The time to prepare for the inevitable economic slowdown is now – when times are good.

Considering the uncertain economic forecast, Governor Little is calling for a “spending reset” as part of his FY 2020-2021 executive budget recommendation. The goal is to better align state spending growth with anticipated state revenue growth in the coming years, to ensure the state fulfills its Constitutional requirement for a balanced budget.

Specifically, the following will be added to each General Fund agency's budget recommendation by DFM:

- A 1% rescission to the FY 2020 budget; and
- A 2% base reduction to the FY 2021 budget

Governor Little's #1 priority is education. He has said it is our moral and Constitutional obligation to ensure Idaho students are prepared for a lifetime of learning and eventual careers. Governor Little's executive budget recommendation not only leaves K-12 schools harmless, but is guaranteed to include continued investments.

Additional agency-specific exclusions for FY 2020 will be communicated directly.

We appreciate the diligence of your agency in putting together a thoughtful plan for a budget reduction that minimizes the impact on the delivery of services for Idahoans and on our critical state personnel. As we discussed this, we heard you loud and clear:

- The earlier your agency is provided with notice, the less disruptive a reduction will be; and
- The more flexibility your agency is provided, the more creative you can get in achieving your agency's statutory mission in a resource-constrained environment

As such, Governor Little will seek to provide maximum flexibility in dealing with reduced appropriations by recommending each General Fund agency be exempted from the provisions of Section 67-3511, Idaho Code, for the remainder of FY 2020-2021.

Please plan to meet with your Governor's Office contact and your DFM analyst the week of November 11 to share your written plan to accomplish this spending reset.

Thank you for your dedication and partnership as we work to achieve Governor Little's goal to make Idaho the place where our children and grandchildren choose to stay.